

JSK International
Friday, June 30, 2006

To Whom It May Concern:

We have been involved in the Quixtar business for many years. It has provided us with a family of friends, business acquaintances, and additional income not easily obtainable elsewhere. It also has given us access to a training system second to none that has allowed us to develop our inter-personal skills and become more successful at what we do in our day-to-day lives. It is a business and system worth preserving.

We understand that the FTC is considering adopting new rules that may affect the way we run our Quixtar business. While we believe that the reasons for the new rules are good (providing an even playing field, providing reasonable disclosure, and discouraging fraud), we believe that the FTC might not have anticipated the negative impacts of some of the proposed changes. The purpose of our letter is to convey our concerns about several of the proposed standards. We thank the FTC in advance for considering our concerns in your deliberations.

7 day waiting period:

We believe it is very important for a consumer to be able to change their mind about pursuing any business, without any undue hardship. We offer an unconditional money back guarantee to new business owners who join us, at any time. If the business doesn't work for them it won't work for us. It takes hard work, and isn't a get rich quick scheme. In fact, we tell our prospects this so they don't waste our time and theirs by signing up and then quitting. So the intent of the 7 day waiting period, the ability to back out without undue hardship, we already support in our business. We would support it as an additional fallback for the customer, except that it has negative impacts on those consumers that want to start their business quickly. In reality, there is a lot of excitement (and sometimes fear and uncertainty) involved with starting any new business. Our experience is that getting started quickly, working through the inevitable problems at the beginning, and helping a new business owner see some success is the best way to help them build a strong foundation. The 7 day waiting period would create a significant braking effect on this excitement, negatively impacting both our business and the momentum we seek to build with each new business owner who starts. Remember, we aren't trying to defraud - a new business owner can always get their money back. But we are trying to get them started quickly, so the natural fears and trepidation that most people feel in a new venture don't overcome the natural excitement of starting out anew. Often times their families are excited and want to see it and get started too - this waiting period turns excitement into fear, and we lose the momentum which is hard, often impossible to rebuild. The "honeymoon period" only happens once at the beginning.

IBO references:

It is reasonable to ask for, and receive references when looking at a new business. We offer this already by having local team meetings where a new potential business owner

can come, see a standardized presentation, and meet other new and established business owners. Providing a list of IBO (Independent Business Owner) references is problematic for several reasons - one is that we would have to obtain this list and keep it current. Please understand that each IBO is a separate business. To provide these references would be the equivalent of a painter providing a list of references of other painters in the area. The downside to our business is that the other "painter" might not want their reference information given out, and there might be competition for the client, which is clearly inappropriate. After all if we find the client who needs their house painted, and offer to do so, why should we be forced to give them another painter's information? It doesn't seem fair. You might suggest we offer a list of "houses I'd painted already" but since our business is helping others start their own business, it's still another painter and the problem remains. The ability to call the Better Business Bureau to check our status, attend a shared seminar, and meet others both starting out and established gives prospect an ample chance to review what we do and how we do it. The other very real issue is that most IBOs are starting out their business on the side, and would not want their names floating around on a list that their employer might see - this could very adversely affect their family situation.

Disclosure of past litigation:

Any business owner can check with the Better Business Bureau or the court system to determine if there are any past complaints registered against us or our business. We have done this ourselves when evaluating contractors to work on our house. The system works well. In no other business that we am aware of is this kind of disclosure required - it seems both overkill and also discriminatory. Quixtar is a servicing corporation that provides us with products - we order from them, they deliver. Their performance can also be evaluated in the same way.

Financial Record Disclosure:

How well our business is working (or not working) is not relevant to whether or not a new business owner will be successful or not. We will help a new business owner become an IBO, register with Quixtar so they have products available, and then the new IBO can work with our training system (run by many successful people), or independently of that system if they prefer. So how well we are doing is irrelevant to their success - it is really how hard they work that determines whether they succeed or not. It IS important that there be some standard model of the business that disclosed how much money they could earn if they join the business and build it to a certain level. We feel there are too many businesses that make promises that are not substantiated. Much like a business plan presented to a venture capitalist proposes "if I do this and that, I believe I can earn this much for your investment", there needs to be a standardized statement that states "if an IBO builds their business to a particular level they can earn this much" based on a real-world analysis of other IBO's with similar businesses. We provide a document now called a SA-4400 to each prospect which identifies potential income levels at various sizes of a business **SHOULD THE IBO BUILD THEIR BUSINESS TO THAT LEVEL**. We NEVER tell people it is guaranteed, a shoe-in, or for-sure in any way. It takes WORK, and we tell them this. This sort of disclosure, we believe, accomplishes the goal of this proposed requirement. If the FTC did require it, it

would again have a negative impact - imagine being a new painter, starting out, and being asked to provide a record of your income to date as a painter? No other businesses are required to do so.

Lastly, we would like to make the case for better enforcement of the existing rules. Part of the reason that the FTC is considering new rules, we presume, is that from time to time fraud rears its ugly head and the powers feel it is time to clamp down on the offenders. The reality is that those who intend to defraud won't follow the rules anyway - this is true in any "business". If there were an easy, very public way for someone who feels defrauded to call, email, or mail the FTC and complain about a particular business, individual, or company and those complaints were followed up on quickly enough that others were not defrauded, we feel the world would be a better place in general. Likewise, there should be a well-publicized way for a potential client to check and see that the FTC has approved the business model for a new business, or at least identify the way in which the client can evaluate for themselves whether a business is on the level or not - just like the FTC years ago published documentation that identified what a PONSI scheme was and how to tell if the business a client was evaluation looked the same or not. Public access to these models of what makes a business honest or not we believe is important. It is just as important to now restrict unduly the freedom for honest, clean businesses to operate - that is what allows our economy to grow rather than stagnate. Entrepreneurship is in large part what has made America great!

We strive to run our business in an ethical, honest, and straightforward way. We realize, and teach to new entrants, that no business is get rich quick - in fact all businesses take time and effort - real effort - to become successful. While we applaud the efforts of the FTC to make up some new rules to further curb the fraudulent activity practiced by a very few bad people, we urge the FTC to not kill the businesses of honest, hardworking Americans who are simply trying to get ahead. Thanks in advance for your consideration!

Sincerely,

John and Sonia Kuenzig
Quixtar IBOs
JSK International